UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

CIVIL MINUTES - GENERAL

Case No.	2:24-cv-02886-WLH-SKx	Date	June 28, 2024
Title	David Hough et al v. Ryan Carroll et al		

Present: The Honorable	WESLEY L. HSU, United States District Judge

Holidae Crawford	CourtSmart
Deputy Clerk	Court Reporter

Attorneys Present for Plaintiffs:	Attorneys Present for Defendants:
Nicolo Emerson Banks Richard A. Nervig	William Shibley

Proceedings: PLAINTIFFS' MOTION FOR SANCTIONS AGAINST JURISDICTIONAL DEFENDANTS [62]

The matter is called, and counsel state their appearances. The Court hears oral argument on Plaintiffs' Motion for Sanctions Against Original Jurisdictional Defendants. The "Original Jurisdictional Defendants" are the following Defendants named in the original complaint: Ryan Carroll; Max K. Day; Max O. Day; Michael Day; Yax Ecommerce LLC; Precision Trading Group, LLC; and WA Distribution LLC.

For the reasons stated on the record, the Court finds there is good cause to impose sanctions on the Original Jurisdictional Defendants under Federal Rule of Civil Procedure 37(b)(2) for failure to comply with the Court's discovery orders. The Court therefore **ORDERS** as follows:

1. The Original Jurisdictional Defendants are specifically ordered to produce to Plaintiffs (1) a confirmation that the tax returns produced to Plaintiffs are true and correct copies of tax returns filed with the Internal Revenue Service and (2) versions of documents already produced with the last four digits of Employer Identification Numbers and Social Security Numbers unredacted.

2. If and when the Original Jurisdictional Defendants produce the information required in (1), they must inform the Court that they have done so.

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3. Beginning at 5 p.m. on Monday, July 1, 2024, the Original Jurisdictional Defendants must <u>each</u> pay $1,000 per day to Plaintiffs for every day they fail to produce the information in (1).

4. Plaintiffs are ordered to serve on Original Jurisdictional Defendants and file with the Court a list of entities that Original Jurisdictional Defendants have disclosed as having assets (e.g., on a tax return), but for which Plaintiff lacks account information.

5. Original Jurisdictional Defendants are ordered to produce the missing account information within 24 hours of being served with the list explained in (4). Otherwise, the $1,000 per day fine described in (3) will apply.

6. The $1,000 per day fine described in (3) and (5) does not go toward the $9,000 per month expenditure limit imposed on Original Jurisdictional Defendants in the Court's Preliminary Injunction Order (Docket No. 49).

Additionally, in response to concerns raised at oral argument, the Court **ORDERS** the following:

7. Because it appears that the Original Jurisdictional Defendants each have multiple bank accounts, each human Original Jurisdictional Defendant must inform the Court, within seven days of this order, which account(s) the up to $9,000 per month for expenditures comes from.

Finally, the Court clarifies the following:

8. To the extent the human Original Jurisdictional Defendants share a joint account with a member or members of their family, the $9,000 expenditure limit applies. That is, the total expenditures from all bank accounts owned—whether individually or jointly—by a human Original Jurisdictional Defendant shall not exceed $9,000 per month.

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9. All bank accounts owned by or for the benefit of the Original Jurisdictional Defendants—as defined in this Court's previous orders—are subject to the asset freeze, notwithstanding the name on any given account. That is, an account does not need to share a name with an Original Jurisdictional Defendant to be subject to the asset freeze order. It simply must be owned "by or for the benefit of" an Original Jurisdictional Defendant.

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Initials of Deputy Clerk	hc		